



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
GARRARD COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

GARRARD COUNTY E. J. HASTY, COUNTY JUDGE/EXECUTIVE JUNE 30, 1999 FISCAL COURT AUDIT

No reportable conditions relating to the financial statement were reported.

As of June 30, 1999, the county had seven funds with a total cash balance of \$573,232.

Reporting Entity:

The Garrard County Memorial Hospital was included as part of the reporting entity.

Capital Lease Agreement:

In December 1997, the county entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the construction of a health department. The lease term is ten years, ending February 2007. The outstanding interest and principal balances were \$98,488 and \$409,000, respectively, as of June 30, 1999.

Operating Lease Agreement:

On April 12, 1999, the county entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust for the purchase of two trucks. The lease term is four years, ending January 20, 2003. The outstanding principal balance as of June 30, 1999 was \$65,302.

Subsequent Event:

On November 24, 1999, the county entered into a lease agreement with First Southern National Bank to restructure the debt of the Garrard County Memorial Hospital. The lease term is nine years, with final maturity on November 24, 2008. The principal balance of this lease is \$807,576.

Also, on February 16, 2000, the county met in special session and agreed to borrow an additional \$78,000 from First Southern national Bank so the hospital could pay vendors and make the weekly payroll. The fiscal court also agreed to establish a line of credit up to \$100,000 with First Southern national Bank so the hospital can pay vendors and make their weekly payroll in a timely manner.

Insurance:

Garrard County was a member of the Kentucky Association of Counties All Lines Fund for fiscal year June 30, 1999.

Comments and Recommendations:

The Schedule of Comments and Recommendations contains two items of noncompliance. They are as follows:

- On May 5, 1999, \$20,913 of the county's deposits of public funds in institutions were uninsured and unsecured. We recommend that the county require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.
- The fiscal court should monitor audits of county component units. The Garrard County Memorial Hospital is part of the county's reporting entity, which requires an annual audit. After numerous requests by the Auditor of Public Accounts office, a final copy of the hospital's September 30, 1998 audit was not available. We recommend that the county monitor the timeliness in which audits are being completed for the hospital to insure compliance with the annual audit requirement.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable E. J. Hasty, Garrard County Judge/Executive

Honorable Ray Hammonds, Former Garrard County Judge/Executive

Members of the Garrard County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Garrard County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Garrard County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Garrard County Memorial Hospital and Long Term Facility. Those financial statements were contracted to be audited by other auditors, whose report will be furnished to us at a later date.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Garrard County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Garrard County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable E. J. Hasty, Garrard County Judge/Executive

Honorable Ray Hammonds, Former Garrard County Judge/Executive

Members of the Garrard County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Garrard County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits
- The Fiscal Court Should Monitor Audits Of County Component Units

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2000, on our consideration of Garrard County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
February 23, 2000

GARRARD COUNTY OFFICIALS

June 30, 1999

E.J. Hasty	County Judge/Executive
Jeff Moss	County Attorney
Shelton Moss	County Clerk
Jennifer Grubbs	Circuit Court Clerk
Ronnie Wardrop	Sheriff
Kenneth Tuggle	Jailer
Marsha McQueary	Property Valuation Administrator
Louise Robinson	County Treasurer
Carla Henderson	Coroner
Norman Davis	Magistrate
Doug Miller	Magistrate
Ronnie Lane	Magistrate
F.C. Foley	Magistrate
Marvin Conn	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

GARRARD COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 239,963
Investments	43,000
Road and Bridge Fund:	
Cash	93,339
Jail Fund:	
Cash	4,225
Emergency 911 Fund:	
Cash	187,825
Emergency Management CSEPP Fund:	
Cash	4,880
Retirement Account:	
Cash	1,550

Other Resources

General Fund:	
Amounts to be Provided in Future Years for Capital	
Lease Principal Obligations - Health Department	<u>409,000</u>
Total Assets and Other Resources	<u><u>\$ 983,782</u></u>

The accompanying notes are an integral part of the financial statements.

GARRARD COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 1999
(Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Principal Obligation (Note 5)	\$ 409,000
Retirement Account	1,550

Fund Balances

Unreserved:

General Fund	282,963
Road Fund	93,339
Jail Fund	4,225
Emergency 911 Fund	187,825
Emergency Management CSEPP Fund	<u>4,880</u>

Total Liabilities and Fund Balances	<u>\$ 983,782</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

GARRARD COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Cash Receipts				
Schedule of Operating Revenue	\$ 2,581,263	\$ 1,385,811	\$ 780,832	\$ 52,404
Transfers In	196,110			183,800
Kentucky Advance Revenue Program	719,300	611,325	107,975	
Total Cash Receipts	<u>\$ 3,496,673</u>	<u>\$ 1,997,136</u>	<u>\$ 888,807</u>	<u>\$ 236,204</u>
Cash Disbursements				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,484,416	\$ 1,160,173	\$ 746,590	\$ 234,898
Transfers Out	196,110	196,110		
Lease-Purchases:				
Principal Paid	16,000		16,000	
Kentucky Advance Revenue Program Repaid	719,300	611,325	107,975	
Total Cash Disbursements	<u>\$ 3,415,826</u>	<u>\$ 1,967,608</u>	<u>\$ 870,565</u>	<u>\$ 234,898</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 80,847	\$ 29,528	\$ 18,242	\$ 1,306
Cash Balance - July 1, 1998*	<u>492,385</u>	<u>253,435</u>	<u>75,097</u>	<u>2,919</u>
Cash Balance - June 30, 1999*	<u><u>\$ 573,232</u></u>	<u><u>\$ 282,963</u></u>	<u><u>\$ 93,339</u></u>	<u><u>\$ 4,225</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

GARRARD COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Emergency Management CSEPP Fund
\$ 2,546 12,310	\$ 280,000	\$ 64,335	\$ 15,335
<u>\$ 14,856</u>	<u>\$ 280,000</u>	<u>\$ 64,335</u>	<u>\$ 15,335</u>
\$ 14,856	\$ 280,000	\$ 37,444	\$ 10,455
<u>\$ 14,856</u>	<u>\$ 280,000</u>	<u>\$ 37,444</u>	<u>\$ 10,455</u>
\$	\$	\$ 26,891 160,934	\$ 4,880
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 187,825</u>	<u>\$ 4,880</u>

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Garrard County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Garrard County Memorial Hospital as part of the reporting entity, which is to be audited by other auditors.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Garrard County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of May 5, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$20,913 of public funds uninsured and unsecured.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of May 5, 1999:

	<u>Bank Balance</u>
Insured or collateralized with securities held by the county's agent in the county's name	\$ 500,000
Uncollateralized and uninsured	<u>20,913</u>
Total	<u><u>\$ 520,913</u></u>

Note 4. Operating Lease Agreement

The county entered into the following operating lease purchase agreement on April 12, 1999 for the purchase of two trucks. Principal payments are due each January 1, starting January 1, 2000. Interest payments are due monthly.

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Balance As Of 6/30/99</u>
KACO Leasing Trust - Trucks	04/12/1999	1/20/2003	3.879 %	<u>\$ 65,302</u>

Note 5. Capital Lease Agreement

In December 1997, Garrard County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the purpose of construction of a county health department. The amount of the lease principal was \$450,000. Interest is 5.56 percent and is paid monthly over a 10-year period. The principal balance of the lease as of June 30, 1999 was \$409,000.

Lease Payment Schedule

<u>Fiscal Year Due</u>	<u>Interest Rate</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
1999-2000	5.56%	\$ 21,729	\$ 43,000
2000-2001	5.56%	19,293	45,000
2001-2002	5.56%	16,747	47,000
2002-2003	5.56%	14,067	50,000
2003-2004	5.56%	11,242	52,000
2004-2007	5.56%	<u>15,410</u>	<u>172,000</u>
Total Interest and Principal Outstanding		<u><u>\$ 98,488</u></u>	<u><u>\$ 409,000</u></u>

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 6. Subsequent Events

On November 24, 1999, the Garrard County Fiscal Court entered into a lease agreement with First Southern National Bank of Garrard County to provide financing for the restructuring of short-term debt to long-term debt for the Garrard County Memorial Hospital. The principal amount of the lease agreement is \$807,576, with the interest and principal payments due monthly through November 24, 2008 (maturity). The monthly debt service payments total \$129,988 per year, until the final year, which totals \$119,156; bearing interest at a fixed rate of 8.75%. The Garrard County Memorial Hospital was audited by PricewaterhouseCoopers for the period ending September 30, 1998. The audit included a note disclosure as to whether the hospital would be able to continue as a "going concern." The CPA firm of Blue and Company is currently performing an independent audit of the hospital for the period ending September 30, 1999.

On February 16, 2000, the fiscal court met in special session to discuss the ongoing financial problems at the Garrard County Memorial Hospital. Despite the \$807,576 lease agreement with First Southern National Bank, the hospital still did not have enough funds to operate. In this special session, the fiscal court agreed to borrow an additional \$78,000 from First Southern National Bank to pay vendors and make the weekly payroll. The fiscal court also agreed to establish a line of credit up to \$100,000 at First Southern National Bank for the hospital to pay bills and make their payroll in a timely manner.

Note 7. Insurance

For the fiscal year ended June 30, 1999, Garrard County was a member of the Kentucky Association of Counties All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

GARRARD COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
General Fund	\$ 1,710,676	\$ 1,385,811	\$ (324,865)
Road and Bridge Fund	880,894	780,832	(100,062)
Jail Fund	247,450	52,404	(195,046)
Local Government Economic Assistance Fund	14,856	2,546	(12,310)
Community Development Block Grant Fund	280,000	280,000	
Emergency 911 Fund	54,000	64,335	10,335
Emergency Management CSEPP Fund	21,070	15,335	(5,735)
Totals	<u>\$ 3,208,946</u>	<u>\$ 2,581,263</u>	<u>\$ (627,683)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,208,946
Add: Budgeted Prior Year Surplus			517,231
Less: Other Financing Uses			<u>(735,300)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,990,877</u>

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SCHEDULE OF OPERATING REVENUE

GARRARD COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 301,937	\$ 301,937	\$	\$
County Clerk:				
Deed Transfer Tax	38,201	38,201		
Occupational Licenses	1,288	1,288		
Delinquent Taxes	7,238	7,238		
Excess Fees - 1998	105,554	105,554		
Tangible Personal Property Taxes:				
Other Counties	8,151	8,151		
County Clerk	56,667	56,667		
Occupational Employment Tax	464,933	464,933		
Bank Shares	24,546	24,546		
Omitted Personal Property Taxes	262	262		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 1,008,777	\$ 1,008,777	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants:				
Chemical Stockpile Emergency				
Preparedness Program	\$ 15,335	\$	\$	\$
Coordinator Salary	2,343	2,343		
EOC Upgrade	25,000	25,000		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 42,678	\$ 27,343	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>

GARRARD COUNTY
SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Emergency Management CSEPP Fund
\$	\$	\$	\$
\$ 0	\$ 0	\$ 0	\$ 0
\$	\$	\$	\$ 15,335
\$ 0	\$ 0	\$ 0	\$ 15,335

GARRARD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 31,469	\$	\$	\$ 31,469
Medical Allotments	2,690			2,690
Driving Under The Influence Fees	2,558			2,558
Court Costs, Jail Operation	4,905			4,905
County Road Aid	458,733		458,733	
Snow Removal	3,269	3,269		
Truck License Distribution	161,449		161,449	
Election Expense Reimbursement	6,120	6,120		
State Surplus Allotment	20,000	20,000		
Courthouse Rental - Administrative				
Office of the Courts	38,422	38,422		
Refunds:				
Legal Process Tax	92	92		
Drivers Licenses	1,342		1,342	
Dog Licenses	305	305		
Juvenile Justice	3,193			3,193
Severance Taxes:				
Coal				
Mineral	2,546			
Board of Assessments	200	200		
Grants:				
Ambulance	28,481	28,481		
Disaster and Emergency Services				
Reimbursement	1,692	1,692		
Disaster and Emergency				
Assistance Grant-				
Coordinator Salary	889	889		
Windows 95 Training	1,175	1,175		
Transportation Cabinet	140,000		140,000	
Tire Clean Up	3,250	3,250		
Totals	\$ 912,780	\$ 103,895	\$ 761,524	\$ 44,815

GARRARD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Emergency Management CSEPP Fund
<u> </u>	<u> </u>	<u> </u>	<u> </u>

\$	\$	\$	\$
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2,546

<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 2,546	\$ 0	\$ 0	\$ 0

GARRARD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 34,884	\$ 24,098	\$ 6,675	\$ 197
Circuit Court Clerk:				
Work Release	1,823			1,823
Charges for Services:				
Garbage Collection	24,288	24,288		
Parks and Recreation	6,362	6,362		
Ambulance Service	153,916	153,916		
911 Service Charges	60,421			
Rental Lease	9,142	9,142		
Recycling Receipts	1,013	1,013		
Prisoner Reimbursements	5,060			5,060
Reimbursements-				
Health Department	14,340	14,340		
Miscellaneous	6,795	3,716	3,045	34
Vending Machine Commission	483	483		
Surplus Machinery/Equipment Sales	301	101	200	
Farm Income	7,100	7,100		
Staledated Checks	1,206	1,071	135	
Community Development Block Grant				
Loan Repayments	280,000			
Miscellaneous Items	9,894	166	9,253	475
Totals	\$ 617,028	\$ 245,796	\$ 19,308	\$ 7,589
Total Operating Revenue	<u>\$ 2,581,263</u>	<u>\$ 1,385,811</u>	<u>\$ 780,832</u>	<u>\$ 52,404</u>

GARRARD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Emergency Management CSEPP Fund
\$	\$	\$ 3,914	\$
		60,421	
	280,000		
\$ 0	\$ 280,000	\$ 64,335	\$ 0
\$ 2,546	\$ 280,000	\$ 64,335	\$ 15,335

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

GARRARD COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 39,324	\$ 35,272	\$ 4,052
Deputy County Judge/Executive	1,075	813	262
Personal Administrator	10,584	10,465	119
Office Staff	2,000	1,458	542
Secretary Salary	13,846	13,746	100
Office Materials and Supplies	5,711	5,599	112
Registration, Conferences, and Training	2,500	1,126	1,374
Office of County Attorney:			
Salaries-			
County Attorney	11,600	11,369	231
Secretaries	8,700	7,677	1,023
Office Materials and Supplies	2,000	1,408	592
Office of County Clerk:			
Salaries-			
County Clerk	3,600	3,600	
Office Materials and Supplies	8,000	7,104	896
Printing and Binding	8,000	5,814	2,186
Tax Bill Preparation	4,963	2,711	2,252
Payments Government Agriculture	3,500	3,256	244
Office of Sheriff:			
Salaries-			
Deputies	7,200	7,030	170
Bond	2,438	2,438	
Materials and Supplies	23,312	23,312	
Tax Bill Preparation	5,000	4,539	461

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of County Coroner:			
Salaries-			
County Coroner	\$ 6,800	\$ 6,771	\$ 29
Deputy Coroner	2,200	1,270	930
Supplies	3,619	3,619	
Fiscal Court:			
Magistrates Salaries	29,542	29,533	9
Office of Property Valuation Administrator:			
Statutory Contribution	19,697	19,697	
Office of Board of Assessment Appeals:			
Board and Committee Member Fees	400	400	
Office of County Treasurer:			
County Treasurer Salary	16,895	16,895	
Office Materials and Supplies	700	550	150
Office of Tax Administration:			
Refunds	1,000	282	718
County Law Library:			
Law Librarian Salary	900	900	
Elections:			
Per Diem-			
Election Commissioners	4,500	3,360	1,140
Election Officers	6,900	6,832	68
Tabulators	500	360	140
Advertising	1,400	1,252	148
Polling Places	1,500	422	1,078
Printing	15,365	10,365	5,000

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse:			
Salaries-			
Janitor	\$ 13,689	\$ 13,400	\$ 289
Materials and Supplies	7,247	7,247	
Advertising	2,282	2,281	1
Maintenance Agreement	3,000	2,139	861
Maintenance and Repairs	28,000	20,911	7,089
Office Equipment Maintenance	2,188	2,188	
Office Machines	4,000		4,000
Postage	6,700	6,332	368
Telephone	14,000	13,873	127
Utilities	21,878	18,947	2,931
Miscellaneous	3,800	3,607	193
Other County Properties:			
Owsley House Utilities	4,500	3,765	735
Other County Properties	20,000	20,000	
<u>Protection to Persons and Property</u>			
County Fire Department:			
Contributions	6,000	6,000	
Disaster and Emergency Services:			
Salaries-			
Director	7,578	7,577	1
Deputies	3,100	2,897	203
Emergency Materials and Supplies	4,053	4,053	
Office Materials and Supplies	2,203	2,203	
Travel	1,008	895	113
Communication Equipment	8,937	8,937	
Reserve for Transfer	2,039		2,039
Training CSEPP	1,175	1,175	
Public Information	1,082	908	174
Traffic Equipment	1,925	1,151	774
Contracted Construction	4,500	4,500	

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Ambulance Service:			
Salaries	\$ 208,886	\$ 205,828	\$ 3,058
Supervisor Expense	3,000	3,000	
Fuel	7,000	5,903	1,097
Materials and Supplies	50,722	50,036	686
Grant	28,481	28,481	
Reimbursements	2,000	195	1,805
Training	500		500
Equipment	17,000	11,283	5,717
Emergency Dispatch Service:			
Dispatchers County Share	60,000	48,708	11,292
Forestry Fire Protection:			
Forest Resource Services	1,000	648	352
Office of Public Defender:			
Contribution	1,500	1,447	53
<u>General Health and Sanitation</u>			
Pest Eradication Program:			
Pest Control	1,000	914	87
Dog Control:			
Salaries	17,400	8,275	9,125
Animal Food and Supplies	21,500	2,209	19,291
Animal Shelter	40,000	8,117	31,883
Dog Warden Expense	2,000	1,375	625
Solid Waste Collection:			
Salaries	14,500	13,954	546
Uniforms	200		200
Miscellaneous	65,000	56,399	8,601

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Health and Sanitation</u> (Continued)			
Recycling Program:			
Salary	\$ 13,430	\$ 13,261	\$ 169
Contribution	1,100	1,100	
Utilities	800	575	225
<u>Social Services</u>			
County Hospital:			
Contribution	10,000		10,000
Senior Citizens Program:			
Contribution	8,000	6,000	2,000
Services to Children and Youth:			
Contribution	1,515	1,515	
Other Health Programs:			
Heritage Hospice and Ombudsman	2,000	2,000	
General Charity and Welfare:			
Contribution	2,000	1,633	367
County Farm:			
County Farm Expense	2,000	1,240	760
Other Social Service Programs			
Adult Day Care Contribution	1,000	1,000	
<u>Recreation and Culture</u>			
Parks:			
Logan-Jubble Park	9,225	8,289	936
Jaycees Park Contribution	3,200	3,200	
Parks-County Fair Contribution	2,700	2,700	

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program-			
Interest	\$ 25,160	\$ 13,374	\$ 11,786
Other County Liabilities:			
Lease-Purchase Agreement-			
Health Department Interest	65,054	12,890	52,164
Capital Projects	25,000	25,000	
<u>Administration</u>			
General Services:			
Auditor	9,605	9,605	
Bank Charges	200	2	198
Courthouse Insurance	60,000	55,943	4,057
Memberships	6,385	6,385	
KACO Assessments	9,698	9,698	
General Services	680	680	
Courthouse Reserve	108		108
Government Offices	737	737	
Contingent Appropriations:			
Reserve for Transfers	2,578		2,578
Fringe Benefits:			
County Contributions-			
Social Security	53,000	52,646	354
Retirement	56,000	53,892	2,108
Worker's Compensation	22,332	22,332	
Unemployment Insurance	4,000	1,473	2,527
Total Operating Budget	\$ 1,389,351	\$ 1,160,173	\$ 229,178

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
Other Financing Uses:			
(a) Kentucky Advance Revenue Program- Principal	\$ 611,325	\$ 611,325	\$
Total General Fund	\$ 2,000,676	\$ 1,771,498	\$ 229,178
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive			
Salaries-			
County Judge/Executive	\$ 17,049	\$ 15,940	\$ 1,109
Personal Administrator	5,437	5,437	
Secretary	8,046	8,046	
Fiscal Court:			
Magistrates Salaries	12,100	8,765	3,335
Office of County Treasurer:			
County Treasurer Salary	6,929	5,457	1,472
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	18,791	18,595	196
Road Maintenance:			
Road Labor Salaries-	172,760	152,621	20,139
Asphalt	303,033	298,452	4,581
Crushed Stone and Gravel	73,872	54,835	19,037
General Construction Materials	72,582	72,521	61
Machinery and Equipment	28,445	28,445	
Petroleum Products	29,000	25,833	3,167
Telephone	1,300	898	402
Uniforms	4,050	4,000	50
Utilities	4,500	3,241	1,259

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>ROAD FUND</u> (Continued)			
Borrowed Money:			
Kentucky Advance Revenue Program- Interest	\$ 2,899	\$ 2,362	\$ 537
Other County Liabilities:			
Lease-Purchase Agreement- Road Grader Interest	860	859	1
<u>Administration</u>			
General Services:			
Audit Charges	3,500		3,500
Fringe Benefits:			
County Contributions-			
Worker's Compensation	7,734	7,734	
Retirement	19,963	16,923	3,040
Social Security	19,000	15,626	3,374
Unemployment Insurance	<u>4,300</u>	<u></u>	<u>4,300</u>
Total Operating Budget	\$ 816,150	\$ 746,590	\$ 69,560
Other Financing Uses:			
(a) Kentucky Advance Revenue Program- Principal	107,975	107,975	
(b) Lease-Purchase Agreement- Road Grader Principal	<u>16,000</u>	<u>16,000</u>	<u></u>
Total Road and Bridge Fund	<u>\$ 940,125</u>	<u>\$ 870,565</u>	<u>\$ 69,560</u>

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Jailer Salaries	\$ 25,000	\$ 24,697	\$ 303
Operations-			
Office Supplies	100	25	75
Routine Medical	19,000	9,590	9,410
Staff Travel	500		500
Telephone	600	426	174
Transporting Prisoners	22,000	22,000	
Miscellaneous Operating Expense	1,000		1,000
Contracts With Other Counties	164,638	164,638	
Juvenile Contracts With Other Counties	10,362	9,347	1,015
<u>Administration</u>			
General Services:			
Association Dues	50	50	
<u>Fringe Benefits:</u>			
County Contributions-			
Retirement	2,350	2,330	20
Social Security	1,850	1,795	55
Total Jail Fund	<u>\$ 247,450</u>	<u>\$ 234,898</u>	<u>\$ 12,552</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>General Health and Sanitation</u>			
Soil Conservation:			
Contribution	<u>\$ 14,856</u>	<u>\$ 14,856</u>	<u>\$</u>
Total Local Government Economic Assistance Fund	<u>\$ 14,856</u>	<u>\$ 14,856</u>	<u>\$ 0</u>

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
COMMUNITY DEVELOPMENT			
<u>BLOCK GRANT FUND</u>			
Economic Development	\$ 280,000	\$ 280,000	\$
Total Community Development Block Grant Fund	<u>\$ 280,000</u>	<u>\$ 280,000</u>	<u>\$ 0</u>
<u>EMERGENCY 911 FUND</u>			
Emergency Dispatch Service:			
Coordinator Salary	\$ 15,528	\$ 15,526	\$ 2
Emergency Dispatch Telephone	5,000	3,451	1,549
Utilities	2,500	1,865	635
Miscellaneous	2,300	2,279	21
Communications Equipment	27,000	4,168	22,832
Reserve for Transfers	156,517		156,517
Equipment and Supplies	4,000	1,000	
Mapping	3,000	3,000	
Computer Equipment	3,761	3,761	
Fringe Benefits:			
County Contributions-			
Social Security	1,122	1,122	
Retirement	<u>1,272</u>	<u>1,272</u>	
Total Emergency 911 Fund	<u>\$ 222,000</u>	<u>\$ 37,444</u>	<u>\$ 184,556</u>
<u>EMERGENCY MANAGEMENT CSEPP</u>			
DES Director	\$ 2,460	\$ 2,460	\$
Supplies	2,915	1,157	1,758
Telephone	1,080		1,080
Travel	400		400
Miscellaneous	1,000		1,000
Communications Equipment	6,660	6,650	10
Reserved for Transfers	6,128		6,128
Social Security Contribution	<u>427</u>	<u>188</u>	<u>239</u>
Total Emergency Management CSEPP Fund	<u>\$ 21,070</u>	<u>\$ 10,455</u>	<u>\$ 10,615</u>

GARRARD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
Total Operating Budget-All Funds	\$ 2,990,877	\$ 2,484,416	\$ 506,461
Other Financing Uses:			
(a) Kentucky Advance Revenue Program- Principal	719,300	719,300	
(b) Lease-Purchase Agreement- Principal	<u>16,000</u>	<u>16,000</u>	
TOTAL BUDGET-ALL FUNDS	<u>\$ 3,726,177</u>	<u>\$ 3,219,716</u>	<u>\$ 506,461</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable E. J. Hasty, Garrard County Judge/Executive
Honorable Ray Hammonds, Former Garrard County Judge/Executive
Members of the Garrard County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Garrard County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated February 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. We did not audit the financial statements of the Garrard County Memorial Hospital and Long Term Facility. Those financial statements were contracted to be audited by other auditors, whose report will be furnished to us at a later date.

Compliance

As part of obtaining reasonable assurance about whether Garrard County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Garrard County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable E.J. Hasty, Garrard County Judge/Executive
Honorable Ray Hammonds, Former Garrard County Judge/Executive
Members of the Garrard County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
February 23, 2000

COMMENTS AND RECOMMENDATIONS

GARRARD COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1999

REPORTABLE CONDITIONS

NONCOMPLIANCES

The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

On May 5, 1999, \$20,913 of the county's deposits of public funds in depository institutions were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the county require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

County Judge/Executive's Response:

I will discuss this matter with First Southern National Bank and get it corrected.

The Fiscal Court Should Monitor Audits Of County Component Units

During the exit conference dated February 23, 2000, for the June 30, 1999 Garrard County Fiscal Court audit, it was noted that the Garrard County Memorial Hospital is part of the county's reporting entity, which requires an annual audit. A draft copy of the hospital's audit for the period ending September 30, 1998 was received, but a final copy was not. The Auditor of Public Accounts then requested that a final copy be sent when available for inclusion in the county's report. The hospital's audit for the period ending September 30, 1999 was in progress at this time, so a copy of that audit was also requested. After numerous phone calls and requests for this information, the county has not been able to supply this information. Since the hospital is part of the county's reporting entity, we recommend that the county monitor the timeliness in which audits are being completed for the hospital to insure compliance with the annual audit requirement.

County Judge/Executive's Response:

None.

PRIOR YEAR FINDINGS

The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$48,884 As Collateral And Entered Into A Written Agreement To Protect Deposits

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**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS**

GARRARD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

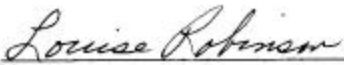
Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
GARRARD COUNTY FISCAL COURT

The Garrard County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer